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U.S. Treasury Dept.

1943.

ANNUAL REPORT OF THE
SECRETARY OF THE TREASURY

ON

THE STATE OF THE
FINANCES

FOR THE FISCAL YEAR
ENDED JUNE 30

1943



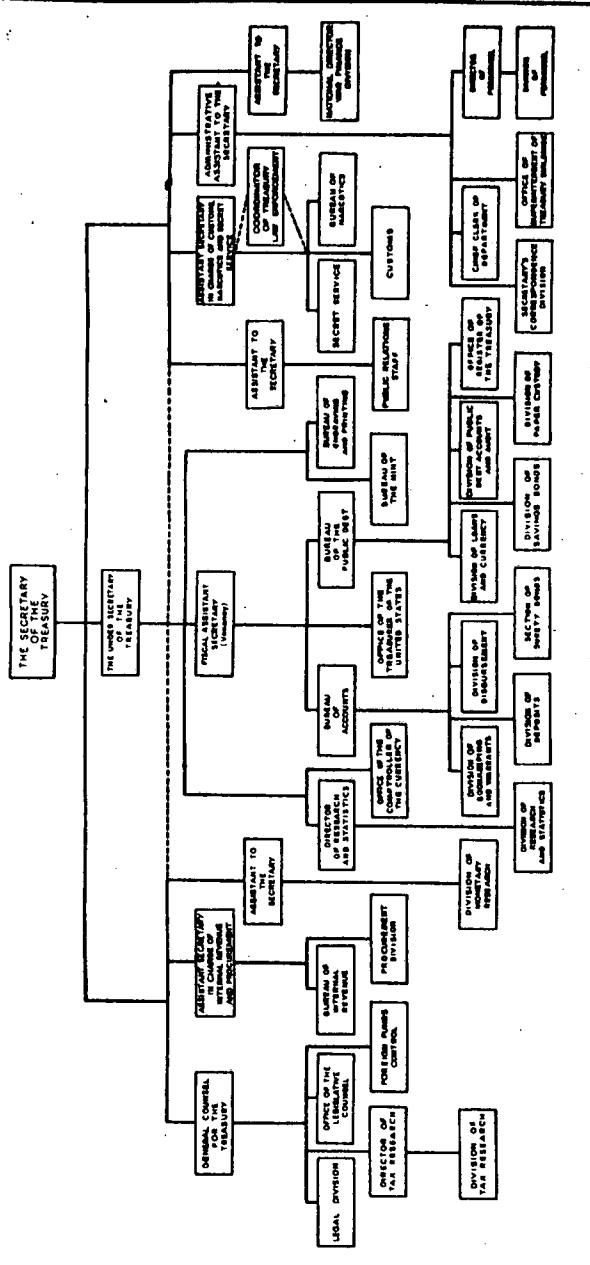
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DEPARTMENT OF THE TREASURY

November 15, 1943



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ANNUAL REPORT ON THE FINANCES

TREASURY DEPARTMENT,
Washington, D. C., January 10, 1944.

SIR:

I have the honor to make the following report on the finances of the Federal Government for the fiscal year ended June 30, 1943.

This was the first complete fiscal year of our participation in the war. It was a year of rapid transition of the economy from a peace-time to a wartime basis. The major phases of this transition were completed by the end of the fiscal year, so that the accounts of the Federal Government for the fiscal year 1944 will be the first to reflect the full impact of the war on our economy.

This seems a fitting time, therefore, to review the finances of the Federal Government thus far in the war, to assess their significance in the whole scheme of the war economy, and to consider what shape they should take for the remainder of the wartime period.

The table on page 2 summarizing the Federal finances shows the receipts and expenditures of the Federal Government for the fiscal years 1940 through 1943, and the estimated receipts and expenditures for the fiscal years 1944 and 1945. The figures on expenditures shown in the table include both budgetary expenditures and net outlays made by the Treasury for the operation of Government corporations.

The fiscal year 1940, the first fiscal year included in the table, was the last before the commencement of the defense program. The estimates for the fiscal years 1944 and 1945 included in the table are from the Budget of the United States Government for the fiscal year 1945. The Budget estimates of both receipts and expenditures assume—as a basis for conservative fiscal planning—the continuation of the war through the fiscal year 1945; and the estimates of receipts are based on present tax law.

War expenditures, the figures in the table show, will have increased over 50 times, from \$1.7 billions in the fiscal year 1940 to an estimated \$92.0 billions in the fiscal year 1944; while during the same period total Federal expenditures will have increased a little over 10 times, from \$9.3 billions to \$99.3 billions.

The increase in Federal receipts during this period, while lagging behind the increase in expenditures, is itself phenomenal. Federal receipts will have increased more than sevenfold, from \$5.4 billions to \$41.2 billions, between the fiscal years 1940 and 1944.

TABLE 3.—Classification of monthly and total receipts, fiscal year 1943, and comparative totals, fiscal year 1942—Continued
PART B. TRUST ACCOUNTS, INCREMENT ON GOLD, ETC.—Continued

Source	Fiscal year 1943						
	July 1942	August 1942	September 1942	October 1942	November 1942	December 1942	January 1943
Other trust accounts—Continued.							
District of Columbia:							
Revenues from taxes, etc.	\$2,128,053.61	\$1,738,407.64	\$0,679,724.23	\$11,907,288.25	\$2,896,502.33	\$2,581,240.43	\$2,806,258.31
Transfers from General Fund (United States share)	6,000,000.00						
Foreign service retirement fund:							
Deductions from employees' salaries, etc.	237,963.93	2,824.54	7,543.74	2,434.73	11,118.94	3,084.89	1,470.23
Interest on investments	78.14	224.23	272.22	483.26	536.55	746.06	630.83
Transfers from General Fund (United States share)	630,800.00						
Government life insurance fund:							
Interest and profits on investments	629,985.00	52,054.79	3,335,900.60	866,405.00	1,439,481.36	629,985.00	
Premiums and other receipts	5,403,739.13	3,638,882.75	3,570,302.98	4,838,303.85	3,735,047.21	4,380,458.58	6,166,455.12
Indian tribal funds	636,398.05	636,355.87	572,701.26	667,292.15	649,083.72	347,749.98	729,778.63
Insular possessions	325,331.23	311,179.09	298,934.25	301,232.28	267,704.85	269,594.58	259,886.24
National service life insurance fund:							
Interest and profits on investments	8,339,927.75	* 4,881,892.65	29,673,129.53	16,979,416.83	18,893,430.98	25,775,586.37	26,286,211.91
Premiums and other receipts	4,933,524.31	5,698,388.92	3,658,755.68	2,295,801.96	2,485,393.22	2,401,981.00	1,131,462.85
Other	6,418,538.04	4,851,083.02	6,190,757.93	8,356,171.15	7,464,041.64	8,226,580.25	10,187,287.14
Unclassified	L 577,195.15	3,534,434.48	* 5,235,531.89	* 586,897.74	* 550,571.47	* 47,615.80	504,291.64
Other funds and accounts:							
Increment resulting from reduction in the weight of the gold dollar	15,440.49	17,837.57	19,639.19	22,670.15	28,593.83	19,768.38	16,652.00
Seigniorage *							
Total receipts	402,261,565.36	485,360,940.15	110,724,425.60	221,258,619.92	538,075,301.20	173,911,481.35	163,864,224.80

Source	Fiscal year 1943					Total fiscal year 1943	Total fiscal year 1942
	February 1943	March 1943	April 1943	May 1943	June 1943		
Other trust accounts—Continued.							
District of Columbia:							
Revenues from taxes, etc.	\$2,327,829.67	\$3,048,595.42	\$11,281,403.03	\$4,883,245.80	\$2,364,182.11	\$80,941,730.82	\$56,906,068.04
Transfers from General Fund (United States share)						6,000,000.00	1,000,000.00
Foreign service retirement fund:							
Deductions from employees' salaries, etc.	6,821.74	4,939.00	5,526.17	3,012.34	4,312.03	291,033.17	299,334.39
Interest on investments	793.62	1,050.96	1,199.34	1,248.22	235,521.32	242,978.75	213,472.55
Transfers from General Fund (United States share)						630,800.00	621,700.00
Government life insurance fund:							
Interest and profits on investments	3,337,441.48	1,239,306.37	24,305,506.67	23,836,066.26	34,240,064.39		
Premiums and other receipts	4,809,378.94	4,703,424.75	3,978,090.91	5,140,619.70	53,925,256.53	57,373,361.80	
Indian tribal funds	554,884.98	470,370.80	430,417.48	714,083.94	661,322.74	6,991,028.18	7,063,784.74
Insular possessions	139,636.76	169,509.68	114,865.77	246,651.42	222,920.46	2,927,458.91	18,998,717.45
National service life insurance fund:							
Interest and profits on investments	12,632,626.13	30,102,151.31	34,737,949.42	39,225,837.82	4,967,969.16	4,967,960.16	433,581.37
Premiums and other receipts	1,654,233.04	1,207,825.59	2,567,928.73	1,513,102.41	42,900,068.86	280,685,044.26	44,880,246.82
Transfers from General Fund	7,432,851.85	9,724,354.53	17,125,937.69	8,970,505.61	9,918,743.28	30,494,600.17	1,047,057.65
Other	* 826,083.59	1,718,120.02	* 2,811,844.45	360,680.01	210,444.01	105,977,043.13	65,416,799.74
Unclassified						* 1,361,298.45	3,443,500.15
Other funds and accounts:							
Increment resulting from reduction in the weight of the gold dollar	26,316.00	24,236.41	12,774.42	22,323.03	15,478.39	241,729.94	208,559.69
Seigniorage *							13,581,830.38
Total receipts	549,796,054.95	118,608,962.24	202,949,003.63	620,786,080.79	320,651,182.16	3,926,252,842.21	3,190,884,099.71

* Counter-entry receipts (deduct).

— * This item of seigniorage represents the difference between the cost value and the monetary value of silver bullion revalued and held to secure silver certificates issued on account of silver acquired under the Silver Purchase Act of 1934 and under the President's proclamation dated August 9, 1934.

TABLE 4.—Classification of monthly expenditures, fiscal year 1943—Continued

DETAIL OF EXPENDITURES—Continued

PART B. TRUST ACCOUNTS, INCREMENT ON GOLD, ETC.

Classification	Fiscal year 1943						
	July 1942	August 1942	September 1942	October 1942	November 1942	December 1942	January 1943
I. Trust accounts:							
Federal old-age and survivors insurance trust fund:							
Benefit payments.....	\$10,989,487.98	\$11,023,647.94	\$11,758,332.87	\$11,924,086.32	\$11,881,778.83	\$12,011,879.89	\$12,385,511.65
Investments.....	♦ 10,000,000.00	5,160,903.25	218,300,000.00	♦ 18,000,000.00	♦ 10,000,000.00	282,339,096.75	♦ 10,000,000.00
Agricultural Marketing Administration:							
Redemption of commodity stamps ⁱⁱ	22,047,942.67	22,133,808.58	19,142,848.00	19,417,804.85	15,070,506.15	15,909,036.15	16,919,582.26
Railroad retirement account:							
Benefit payments.....	10,820,027.27	10,721,213.37	10,717,836.06	10,804,670.48	10,702,853.78	10,763,292.56	10,815,544.22
Investments.....	103,500,000.00	♦ 11,000,000.00	♦ 11,000,000.00	23,000,000.00	♦ 11,000,000.00	♦ 11,000,000.00	23,000,000.00
Unemployment trust fund:							
Investments.....	23,000,000.00	190,159,195.75	7,000,000.00	38,000,000.00	191,000,000.00	99,000,000.00	28,840,940.26
Railroad unemployment insurance account:							
Investments.....	187,036.78	185,296.13	206,934.63	197,253.23	157,576.00	141,032.67	180,738.89
Withdrawals by States.....	31,050,000.00	29,797,500.00	22,518,000.00	15,464,000.00	11,547,500.00	10,300,000.00	11,520,500.00
Other trust accounts:							
Adjusted service certificate fund:							
Investments.....	♦ 150,000.00	♦ 100,000.00	♦ 80,000.00	♦ 90,000.00	♦ 84,000.00	♦ 100,000.00	680,000.00
Other.....	115,951.35	96,380.19	76,644.00	76,017.43	66,519.81	66,472.08	74,441.83
Alaska Railroad retirement fund:							
Annuities and refunds.....	12,580.05	10,773.39	9,735.15	11,735.51	13,074.70	13,262.40	12,473.05
Investments.....	175,000.00	.....	.....	12,000.00	♦ 15,000.00	♦ 10,000.00	.....
Canal Zone retirement fund:							
Annuities and refunds.....	111,365.54	89,657.12	91,824.52	116,821.16	131,166.94	107,000.16	107,748.83
Investments.....	1,175,000.00	♦ 15,000.00	♦ 11,000.00	♦ 35,000.00	♦ 30,000.00	♦ 25,000.00	♦ 15,000.00
Civil service retirement fund:							
Annuities and refunds.....	6,566,455.88	6,775,651.31	6,693,375.36	6,829,069.64	6,740,928.89	6,706,052.38	6,885,020.83
Investments.....	106,100,000.00	5,030,000.00	10,832,000.00	9,848,000.00	11,038,000.00	9,040,000.00	19,020,000.00
District of Columbia.....	5,490,377.36	6,073,704.36	4,056,601.33	4,479,128.68	4,499,411.03	5,808,485.29	4,285,988.15
Foreign service retirement fund:							
Annuities and refunds.....	41,872.10	47,178.23	35,318.40	34,765.03	38,094.68	38,373.76	35,922.81
Investments.....	790,000.00	♦ 35,000.00	♦ 27,000.00	♦ 35,000.00	♦ 35,000.00	♦ 37,000.00	♦ 35,000.00
Government life insurance fund:							
Benefits, refunds, etc.....	2,747,851.71	2,244,100.35	2,458,105.89	2,878,618.81	1,991,394.45	2,513,078.80	2,405,794.05
Investments.....	4,775,000.00	1,560,903.25	3,098,459.13	2,400,000.00	1,300,000.00	2,941,612.75	3,900,000.00
Indian tribal funds.....	408,058.99	321,977.86	433,563.77	632,682.42	478,730.60	319,118.11	408,882.00

Classification	Fiscal year 1943					Total fiscal year 1943	Total fiscal year 1942
	February 1943	March 1943	April 1943	May 1943	June 1943		
I. Trust accounts:							
Federal old-age and survivors insurance trust fund:							
Benefit payments.....	\$12,547,841.94	\$13,604,794.56	\$13,546,951.79	\$13,721,257.18	\$13,908,606.76	\$149,303,977.71	\$110,280,702.20
Investments.....	♦ 15,000,000.00	260,600,000.00	♦ 15,000,000.00	.....	356,800,000.00	1,035,200,000.00	821,034,250.00
Agricultural Marketing Administration:							
Redemption of commodity stamps ⁱⁱ	12,823,634.40	11,936,826.10	4,265,963.81	1,314,174.67	428,943.87	161,410,970.50	336,750,080.20
Railroad retirement account:							
Benefit payments.....	10,636,628.93	11,068,948.93	11,073,296.48	11,044,709.28	11,075,770.29	130,464,900.65	126,243,910.67
Investments.....	♦ 10,000,000.00	♦ 11,000,000.00	24,000,000.00	♦ 11,000,000.00	♦ 11,000,000.00	86,500,000.00	17,500,000.00
Unemployment trust fund:							
Investments.....	253,000,000.00	22,000,000.00	24,020,604.00	269,000,000.00	81,979,396.00	1,228,000,000.00	866,000,000.00
Railroad unemployment insurance account:							
Investments.....	172,728.55	159,739.44	117,961.07	71,331.83	47,030.41	1,833,659.73	9,071,828.92
Withdrawals by States.....	11,243,000.00	10,955,000.00	7,779,500.00	5,758,500.00	6,388,000.00	174,333,500.00	368,070,499.28
Other trust accounts:							
Adjusted service certificate fund:							
Investments.....	.....	♦ 80,000.00	♦ 87,000.00	♦ 97,000.00	.....	♦ 167,000.00	♦ 885,000.00
Other.....	74,892.21	88,972.20	60,384.08	77,184.99	103,591.72	967,431.39	1,625,180.52
Alaska Railroad retirement fund:							
Annuities and refunds.....	6,869.46	9,644.79	11,447.51	12,650.20	16,329.65	141,604.86	107,801.96
Investments.....	31,000.00	.....	6,000.00	♦ 1,000.00	52,000.00	252,000.00	285,000.00
Canal Zone retirement fund:							
Annuities and refunds.....	111,237.66	109,886.72	120,252.30	114,706.63	120,044.02	1,331,712.42	1,205,867.52
Investments.....	♦ 15,000.00	♦ 19,000.00	11,000.00	♦ 16,000.00	276,000.00	1,282,000.00	1,290,000.00
Civil service retirement fund:							
Annuities and refunds.....	6,841,637.31	7,185,653.50	7,397,085.28	7,180,040.38	7,451,931.76	83,323,821.51	76,197,957.96
Investments.....	9,654,000.00	12,634,000.00	20,612,000.00	12,406,000.00	51,459,000.00	277,671,000.00	137,365,000.00
District of Columbia.....	4,793,841.87	4,801,477.66	6,246,181.99	4,913,288.89	4,836,753.90	60,290,108.45	57,667,670.13
Foreign service retirement fund:							
Annuities and refunds.....	37,538.82	46,477.80	43,162.08	41,354.75	40,819.88	480,558.34	422,472.77
Investments.....	♦ 30,000.00	♦ 35,000.00	♦ 38,000.00	♦ 34,000.00	218,000.00	673,000.00	729,000.00
Government life insurance fund:							
Benefits, refunds, etc.....	1,619,439.50	2,757,025.86	3,080,018.22	2,656,834.34	2,706,900.85	30,060,082.93	44,987,523.06
Investments.....	2,500,000.00	1,700,000.00	2,075,000.00	2,000,000.00	25,108,728.52	60,748,450.13	47,186,914.15
Indian tribal funds.....	329,279.53	447,919.37	♦ 114,565.68	629,737.22	1,060,963.28	5,414,388.45	6,236,438.63

* Excess of credits (deduct).

† Excess of redemptions (deduct).

** See footnote 18.

*** See footnote 20.